



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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Hammond

July 9, 2001

Board of Supervisors

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To: Supervisor Michael D. Antonovich, Mayor
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From: David E. Janssen
Chief Administrative Officer

PUBLIC LIBRARY'S 2001-02 BUDGET

On June 25, 2001, your Board instructed my office to evaluate the Public Library's budget condition and the necessity of the County Librarian's proposed \$2.5 million curtailment plan. This memorandum presents our findings.

Findings on Budget Condition

The Library asserts that it will be experiencing a higher degree of financing strains in 2001-02 from increasing costs of providing health insurance coverage to eligible temporary employees (\$1.3 million), energy utilities (\$1.021 million), and a reduction in State Public Library Fund revenue (\$0.189 million). In addition, the Library contends that it can only absorb those cost increases through a curtailment of library operating hours. Although we do agree that the Library will incur additional costs for those obligations, we do not believe that curtailments are necessary. The rate of increase in the Library's ongoing operating expenditures is likely to slow down in 2002-03, matched by a steady growth in its ongoing tax revenues. Therefore, the Library's budget condition is likely to stabilize in 2002-03 assuming that its service levels remain unchanged.

An exhaustive study reveals that the Department will have an excess ending 2000-01 fund balance of approximately \$1.7 million attributed to higher-than-anticipated savings in salaries and employee benefits, network infrastructure, rent expenses, and LAC-CAL lease payments. The attachment reflects my office's latest Budget Status Report for the Department. The anticipated additional \$1.7 million savings from the Library's 2000-01 operational funds should be made available to finance its obligations in 2001-02,

library budget.wpd

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Therefore, my office has concluded that the Department can absorb its 2001-02 financing obligations without additional General Fund assistance and a curtailment of public services. A recommendation to reduce public services without full consideration of cost cutting measures in non-service and discretionary areas would not comply with budget policies previously set by your Board.

I recommend that the Board instruct the County Librarian to suspend her proposed \$2.51 million curtailment plan and instead provide the necessary financing within the Library's operating funds without impacting direct services to the public by: (1) utilizing the Department's anticipated \$1.7 million excess fund balance, and (2) redirecting the Department's spending plan for discretionary uses to finance any remaining shortfalls.

My staff will work with the Department throughout the year to closely monitor the Department's budget status. Should significant problems arise, my office will report back to your Board with alternative recommendations.

Implementation of County Strategic Planning

This recommendation is consistent with the County's Strategic Planning Goals to provide the public with easy access to public services and to manage effectively the resources we have.

If you have any questions, please contact me or your staff may contact Alice Yang at (213) 974-4363.

DEJ:GD
AY:bjs

Attachment

c: Executive Officer, Board of Supervisors
 County Counsel
 County Librarian

COUNTY OF LOS ANGELES PUBLIC LIBRARY

BUDGET STATUS REPORT FISCAL YEAR 2000-2001

	2000-2001	2000-2001		2000-2001
APPROPRIATION DESCRIPTION	ADOPTED BUDGET	ADJUSTED BUDGET	FINAL CHANGES ESTIMATE (May 2001)	CAO ESTIMATE (June 2001)
FINANCING USES				
Salaries & Employee Benefits	44,631,000	44,631,000	45,516,000	44,216,000
Services & Supplies	25,213,000	27,707,000	26,490,000	26,113,000
Other Charges	967,000	887,000	967,000	887,000
Fixed Assets - Building & Improvement	1,098,000	1,098,000	866,000	712,000
Fixed Assets - Equipment	205,000	883,000	638,000	712,000
Other Financing Uses	0	0	0	0
Appropriation for Contingency	2,260,000	0	0	0
Designation	782,000	782,000	782,000	712,000
TOTAL FINANCING USES	75,156,000	75,988,000	75,259,000	73,539,000
AVAILABLE FINANCING				
Fund Balance	5,764,000	5,764,000	5,764,000	5,764,000
Cancellation of Reserve/Designation	707,000	707,000	1,505,000	1,007,000
Property Taxes	32,419,000	32,419,000	33,279,000	33,419,000
Voter Approved Special Tax	10,204,000	10,204,000	10,199,000	10,004,000
General Fund Operating Transfer	14,649,000	14,791,000	14,786,000	14,791,000
Other Revenues:				
State Revenues	6,688,000	7,378,000	7,390,000	7,518,000
Federal	0	0	0	2,000
Other Gov't'l Revenue	813,000	813,000	762,000	913,000
Use of Money & Property	333,000	333,000	383,000	363,000
Charges for Services	2,697,000	2,697,000	2,646,000	3,117,000
Miscellaneous Services	882,000	882,000	1,019,000	622,000
TOTAL AVAILABLE FINANCING	75,156,000	75,988,000	77,733,000	77,722,000
YEAR-END FUND BALANCE	0	0	2,474,000	4,200,000